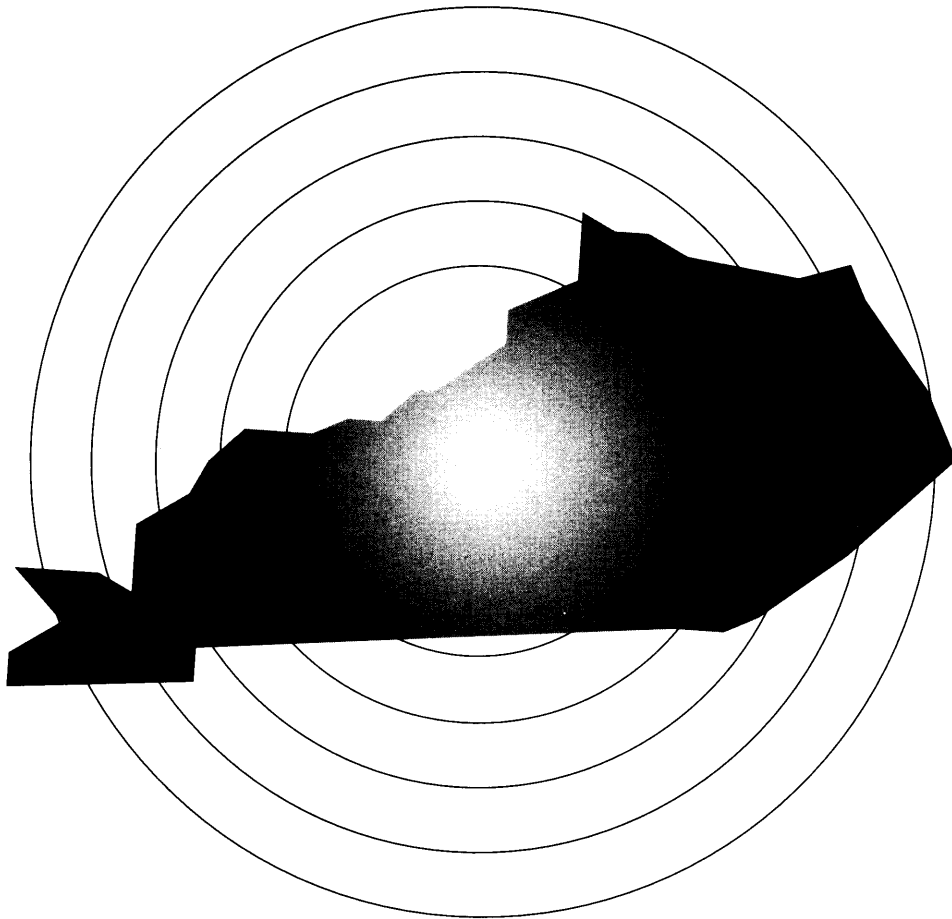


1997 Annual Report



Kentucky Strategic Plan For Economic Development

KENTUCKY ECONOMIC DEVELOPMENT PARTNERSHIP

The Honorable Paul E. Patton, Chairman

GOVERNOR

Commonwealth of Kentucky

Luther Deaton, Jr., Vice Chairman

PRESIDENT AND COO

Central Bank & Trust Company

Secretary James E. Bickford

Natural Resources and Environmental Protection Cabinet

Darrell R. Gilliam

EXECUTIVE DIRECTOR

Capital Community Economic/Industrial Development Authority

William J. Jones

PRESIDENT AND CEO

CBT Corporation

Secretary Ann R. Latta

Tourism Development Cabinet

Secretary John P. McCarty

Finance and Administration Cabinet

Katherine G. Peden

PRESIDENT

Peden and Associates Inc.

Richard E. Searles

VICE PRESIDENT

Human Resources and Operations

McIntosh Laboratory, Inc.

William R. Sprague

PRESIDENT

Kentucky Farm Bureau Federation

Secretary Marvin E. Strong, Jr.

Cabinet for Economic Development

Ernest R. Thompson

FIELD REPRESENTATIVE

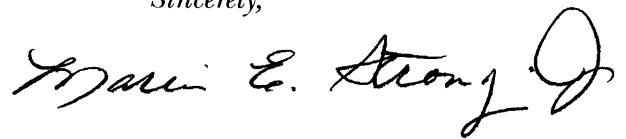
United Steel Workers of America

This report marks a departure from prior years in that the Annual Report of the Kentucky Cabinet for Economic Development (KCED) previously covered only the Kentucky Strategic Plan for Economic Development. Because the Strategic Plan and the activities of the Cabinet are similar, intertwined, and identical in purpose, this year's report includes highlights and explanations of both, in addition to a brief survey of Kentucky's economy.

1997 was a very positive year for the Commonwealth's economy. Kentucky is fourth among the 50 states in manufacturing job growth in the 1990s. Reasons for Kentucky's success include our workforce (11.3% more productive than the national average) and our business climate (ranked among the nation's top ten by various national publications).

Among the more important factors fostering this atmosphere of growth is the continued public/private sector cooperation that drives the Strategic Plan and allows the Cabinet to fulfill its mission more completely. The involvement of Kentucky industry and businesses, and individual Kentuckians, is vital to our efforts to create more and higher quality opportunities for all Kentuckians by building an expanding sustainable economy. On behalf of the Kentucky Economic Development Partnership, I express sincere appreciation for the interest, effort and involvement that so many Kentuckians have put forth to support the Cabinet's activities and implement the Kentucky Strategic Plan for Economic Development.

Sincerely,



Marvin E. Strong, Jr.
Secretary
Spring 1998

The U.S. economy is experiencing the third-longest expansion in history.

The U.S. unemployment rate dropped below 5% this year, the first time since 1973. Inflation has been low and is expected to finish the year at around 2.5%. Gross domestic product will finish nearly 3.6% above the 1996 level. Also, U.S. nonagricultural employment should end the year 2.2% higher. U.S. manufacturing employment, though, is expected to continue its slow decline, ending 1997 with about 100,000 fewer jobs nationally (a loss of 0.1% from last year).

Overall, Kentucky benefited from the national expansion in 1997. Several areas of the state experienced low unemployment (1.4% to 4%), although there were still portions of the state with double-digit unemployment. Kentucky total employment was 2.4% higher in 1997. The fastest job creators were transportation and public utilities, wholesale and retail trade, and services. Manufacturing employment closed the year with 1.4% more employees. This increase was fueled by durable manufacturing, which finished the year with 2.7% more people than in 1996. Nondurable manufacturing employment was down 0.4%.

The growth occurring in the Kentucky economy can be appreciated further by comparing the current economic environment of the state with a decade ago. In 1986, Kentucky ranked 46th in per capita personal income. The gap between Kentucky and the nation narrowed from 22.6% below the nation in 1986 to 19% below the nation in 1996. This increase moved the state up to 43rd in per capita personal income. Over the ten-year period, the average annual increase of total personal income was nearly the same in Kentucky and the nation (5.9%). Employment in the state increased 2.1% per year, while national average annual employment growth was only 1.8% from 1986 to 1996.

Comparison between Kentucky and the United States

				Kentucky as Percent of US	
	1986	1996	Average Annual Growth (1986-1996)	1986	1996
KENTUCKY					
Total Personal Income (\$MM)	43,366	76,885	5.90		
Population (000s)	3,688	3,884	0.52		
Per Capita Personal Income (\$)	11,759	19,797	5.35	77.4%	81.0%
Earnings (\$MM)	30,287	53,736	5.91		
Employment (000s)	1,741	2,134	2.06		
UNITED STATES					
Total Personal Income (\$MM)	3,646,346	6,479,914	5.93		
Population (000s)	240,133	265,284	1.00		
Per Capita Personal Income (\$)	15,185	24,426	4.88		
Earnings (\$MM)	2,599,801	4,548,138	5.76		
Employment (000s)	126,941	152,317	1.84		

NOTE: Total personal income is a residence based measure, while earnings is an establishment based measure. Earnings includes wages and salaries, while total personal income includes earnings plus dividends, rent, interest, and transfer payments.
SOURCE: Bureau of Economic Analysis. Regional Economic Information System CD-ROM, 1997.

Since 1996 is the most recent year of complete data, the comparison will be made between 1996 and 1986.

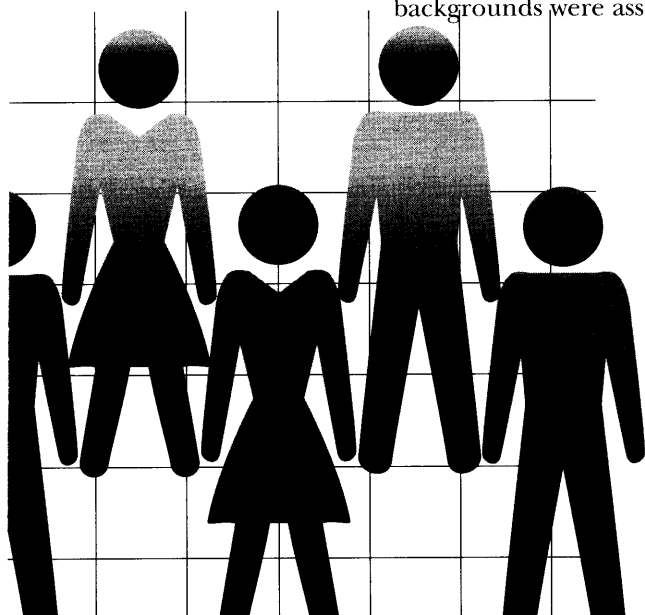
Kentucky Strategic Plan

The Kentucky Strategic Plan for Economic Development has guided

Kentucky's economic development efforts, and the Cabinet, since 1994. In 1992, Kentucky's approach toward economic development was reorganized. That year, the General Assembly created the Kentucky Economic Development Partnership Board to direct the state's economic development efforts. The Partnership is composed of 13 members. Eight private sector members represent each of the state's congressional districts and different sectors of its economy. The secretaries of four Cabinets—Economic Development, Finance and Administration, Natural Resources and Environmental Protection, and Tourism Development—serve as public sector, ex-officio members. The governor serves as chairman of the Partnership.

The Partnership initiated a strategic planning process to generate a dynamic plan of action to foster and focus Kentucky's economic development efforts. With assistance from an outside consulting firm, and the input and participation of hundreds of Kentuckians from varying parts of the state and its economy, the Commonwealth's economic development mission, values, and broad goals were developed into a specific strategic plan.

The result was the Kentucky Strategic Plan for Economic Development, first adopted in May 1994. The Strategic Plan serves as a blueprint for both the public and private sectors to realize a common mission for improving Kentucky's economy. Teams involving Kentuckians from all geographic, demographic, and economic backgrounds were assembled to work toward realizing each tactic set forth in the plan.



Values And Mission Statement

The Kentucky Economic Development Partnership Board established five overriding values and a mission statement for the Cabinet and Strategic Plan. The values governing the operation of the Cabinet are:

- 1.** *Openness and honesty*
- 2.** *Respect for people as individuals*
- 3.** *Being results oriented*
- 4.** *Innovation and risk*
- 5.** *A commitment to being the best*

The mission statement is:

To Create More and Higher Quality Opportunities for All Kentuckians by Building an Expanding Sustainable Economy.



The Kentucky Strategic Plan for Economic Development provides a

framework to achieve this mission. It is organized under five goals, which are subdivided into strategies, which in turn are subdivided into tactics. Each tactic has a team of Kentuckians assigned to it in order to accomplish the tactic. Tactic teams are composed of members from the public and private sectors, with a team leader from the private sector, and a facilitator from the Cabinet assisting the team in its work.

With many tactics completed, the Strategic Plan was revised in 1997.

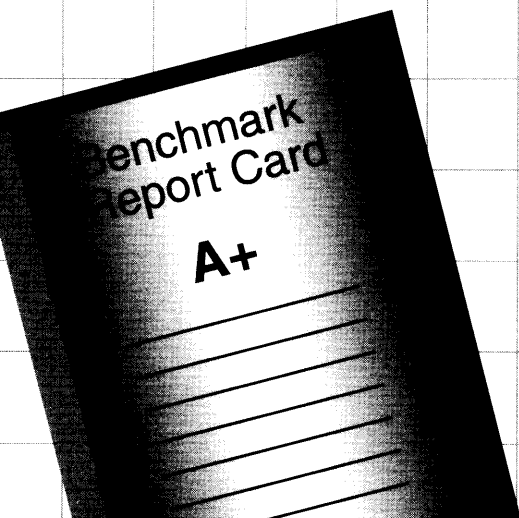
By 1997, the Strategic Plan was ready for revision. Many tactics had been completed; others had reached a point where their objectives needed to be broadened or changed.

The 1997 revision of the Strategic Plan resulted in its 22 strategies being consolidated into 19, and its 62 tactics replaced the previous 77. Some tactics remained the same; others were altered, and still others were entirely new.

Benchmarks for measuring progress under the Strategic Plan were adopted in 1997.

KRS 154.10-140 states that the Economic Development Partnership Board is to "establish objective benchmarks to measure the performance of Kentucky's economy and progress toward achievement of the mission statement, goals, and guiding principles" (from the Kentucky Strategic Plan for Economic Development).

Benchmarking, for purposes of meeting statutory requirements, is defined as the "public announcement of measurable indicators to mark the achievement of strategic



plan goals.” In effect, the benchmarks are the performance indicators for strategic plan goals. The benchmarks should provide information on whether Kentucky’s economy is keeping pace or falling behind compared to our competitor states and the nation.

Six benchmarks were chosen by the Partnership Board at its March 1997 meeting. These six benchmarks are the result of a year-long effort that began with a review of dozens of proposed benchmarks. The list was refined through several meetings of the Partnership Board and through evaluation by the Division of Research, Kentucky Cabinet for Economic Development.

The six benchmarks are: per capita gross state product; per capita income; annual pay per employee; manufacturing share of private, non-farm employment; unemployment rate; and poverty rate. The benchmarks are presented relative to the U.S. average. Also, three sub-state regions of Kentucky are identified and provided with benchmark goals.

The statutes call for the University of Kentucky, Center for Business and Economic Research, and the University of Louisville, Bureau of Economic Research, to prepare jointly an annual “Benchmark Report Card” for submission to the Governor and the General Assembly. The “Benchmark Report Card” is to detail and grade Kentucky’s progress toward each benchmark.

Progress continues under the Strategic Plan.

As in previous years, 1997 saw specific objectives accomplished under the Strategic Plan. Highlights include the success of the state’s networking program (\$100 million in additional sales and \$500,000 in lower costs for Kentucky businesses), approval of the first regional industrial park, establishment of the Kentucky Quality Award, and the Governor’s Economic Development Leadership Summit, which has become an annual event.

Cooperation between the public and private sectors remains a highlight of the Strategic Plan, and other agencies of state government are active with various tactics of the Strategic Plan.

1997 Accomplishments

1997 was a year of accomplishment and progress for the Cabinet; some examples of the Cabinet's successes include the following areas:

Kentucky exports increased 28.8% in the first six months of 1997, compared to the first six months of 1996. Kentucky is currently fourth in the nation in export growth.

Revision of the state's industrial recruitment marketing plan, incorporating a targeted industry study completed in 1997.

Cabinet targeted marketing efforts included trade shows, direct mail, and print advertising.

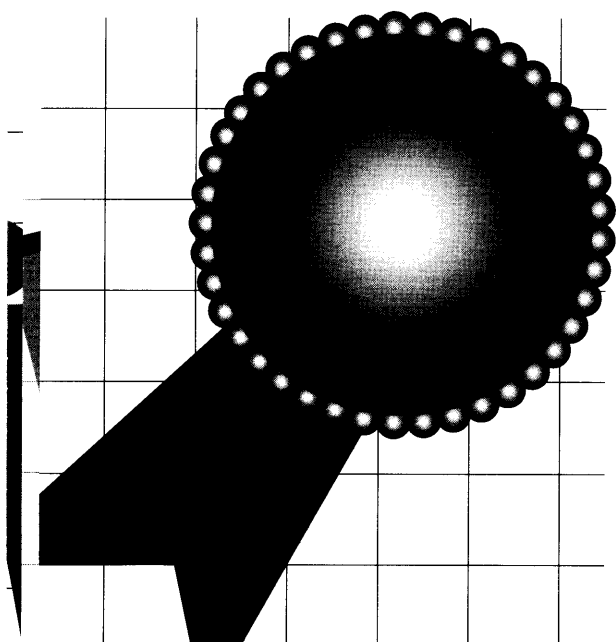
New industry announcements for 1997 involved over 20,000 new jobs and over \$2 billion in new investment for Kentucky.

The Mexico Trade Office was opened in Guadalajara.

The Cabinet participated in international trade missions in France, China, Mexico, and Japan.

The Cabinet expanded its training programs and informational opportunities for Kentuckians concerning international trade.

Tricon Global Restaurants, Inc. chooses Kentucky for International Headquarters, making it the largest company based on revenues headquartered in Kentucky.



MCI announces service center for Winchester, creating 400 - 600 new jobs.

Dana Corporation announces facilities for Dry Ridge and Owensboro, bringing its total number of plants in Kentucky to 8.

Kentucky Economic Expansion Program completed 17 projects and assisted 27 counties and 806 businesses.

Ford Motor Company and Toyota Motor Corporation announced expansions totaling over 2,700 new jobs.

Specialty Plastic Products Company announced a new plant for McKee, creating 200 new jobs.

The Kentucky Procurement Assistance Program (KPAP) provided over 1,500 counseling sessions and recognized an additional inflow of \$79.7 million in government contracts for Kentucky business.

The Business Information Clearinghouse assisted over 15,000 entrepreneurs with business licensing and development issues. Over 2,900 of these contacts resulted in actual business start-ups or business ventures.

The Regulatory Expediting Center handled 427 referrals in FY 1997, assisting business and industry in addressing regulatory issues.

The Small and Minority Business division assisted over 1,600 clients with business start-up matters.

Over \$6.5 million in Commonwealth Small Business Development Corporation loans were funded.

The Cabinet developed the ability to perform economic impact analysis.

The Bluegrass State Skills Corporation gave 230 grants totaling \$4,271,247.16, which helped provide training for 29,287 Kentucky workers.

The office of Coal County Development was established to administer the Regional Industrial Parks program.

The Kentucky Strategic Plan for Economic Development

TACTIC TEAM REPORTS

GOAL 1 BUILD AND MAINTAIN CONSENSUS TO IMPLEMENT THE MISSION

Strategy 1.1 Communicate the Economic Development Mission to the Citizens of the Commonwealth

Tactic 1.1.1 Maintain and market a current presentation package on Kentucky's economic development efforts to be used by local organizations and the Economic Development Cabinet

Leader: Tom Harris **Facilitator:** Joe Lilly

Performance Measures	Annual	Number of copies distributed
	Annual	Number of presentations made
	June 1998	Updated presentation package

Report A video to highlight Kentucky's economic development efforts is in production. It will be used for various presentations, and offered to groups statewide.

Kentucky

Tactic 1.1.2

Publish quarterly newsletter and create other media opportunities to inform the general public, business leaders and government officials about Kentucky's economic development progress

Leader: Tom Harris **Facilitator:** Joe Lilly

Performance Measures	Annual	Number of newsletters distributed
	Annual	Results of questionnaire to newsletter recipients
	Annual	Number of calls to fax on demand system

Report The newsletter's current circulation of 6,000 is being expanded. A survey of recipients led to changes in the newsletter. The Cabinet developed a fax on demand system.

Tactic 1.1.3

Create systemized approach for Cabinet officials to conduct interviews with local, state and national news media to communicate Kentucky's economic development efforts

Leader: Tom Harris **Facilitator:** Joe Lilly

Performance Measures	Annual	Number of media outlets contacted
	Annual	Number of interviews conducted
	Annual	Number of news releases issued

Report Cabinet news releases routinely reach approximately 250 outlets at every level. Cabinet officials frequently respond to media requests, and a policy for attracting media coverage of Cabinet accomplishments is being prepared.

Tactic 1.1.4

Communicate economic development efforts to support existing industries

Leader: Tom Harris **Facilitator:** Joe Lilly

Performance Measures	Annual	Number of ads placed regarding existing industries
	Annual	Distribution of video
	Annual	Number of news releases issued

Report Economic development efforts and expansions are covered in the Cabinet newsletter, and via news releases, by the news media as well. The video (see 1.1.1) and upcoming advertisements in Kentucky publications will communicate the Cabinet's assistance to existing industry.

Strategy 1.2 Involve Business, Industry, Labor, and Individual Kentuckians in Support and Implementation of the Economic Development Plan

Tactic 1.2.1 Involve economic development groups and business leaders in the Cabinet's economic development efforts, including the Strategic Plan

Leader: Sandy Napper **Facilitator:** Terri Wellman

Performance Measures	Annual	Extent of formal communications and activities
	Annual	Level of involvement
	Annual	Number of groups who agree to help

Report Business and economic development leaders work with the Cabinet in many areas, including on tactic teams of the Strategic Plan. In addition, the Cabinet is involved with groups such as the Kentucky Industrial Development Council and Kentucky Chamber of Commerce.

Tactic 1.2.2 Present an economic development progress report at the annual Labor/Management Conference and other annual statewide conferences sponsored by agencies affected by the Strategic Plan including Natural Resources, Agriculture and Tourism

Leader: Gary Moberly **Facilitator:** Sara Bell

Performance Measures	Annual	Attendees at seminar
	Annual	Requests to participate in ED activities directly related to seminar
	Annual	Attendee response

Report The Labor/Management Conference was not held in 1997. The Cabinet plans to present a report at the 1998 conference. Cabinet presentations continue to be made to KIDC and other interested groups.

Tactic 1.2.3 Recognize the efforts of tactic team leaders and members and others involved in economic development efforts in Kentucky

Leader: Darrell Gilliam **Facilitator:** Jason Snyder

Performance Measures	Annual	Design a reward program
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Report The second annual Governor's Economic Development Leadership Summit, recognizing outstanding leadership efforts in the field, was held in 1997.

Strategy 1.3 Ensure Continuing Involvement of All State Government Agencies and the Kentucky Legislature

Tactic 1.3.1 Conduct an annual briefing for the Governor, other elected officials and Cabinet secretaries on the progress of the state's economic development efforts, including the Strategic Plan

Leader: Gene Strong **Facilitator:** Gene Strong

Performance	Annual	Response to briefings
Measures	Annual	Number of officials completing briefings

Report The Secretary will make a presentation to the Governor and Cabinet secretaries in the spring of 1998, following the publishing of the Cabinet's annual report.

Tactic 1.3.2 Meet with each Cabinet and relevant state agencies to develop specific actions to support the state's economic development efforts, including the Strategic Plan

Leader: Gene Strong **Facilitator:** Rene True

Performance	Annual	Number of agencies replying
Measures	Annual	Quality of the responses
	Annual	Response

Report Several Cabinets and state agencies are involved with economic development efforts or implementation of the Strategic Plan, especially in Goal 5.

Tactic 1.3.3 Report annually to the Interim Joint Committee on Economic Development

Leader: Gene Fuqua **Facilitator:** Gene Strong

Performance	Annual	Committee response
Measures		

Report Secretary Strong made a presentation to the committee in September 1997, discussing the Strategic Plan, target industry analysis, and regional industrial park program.

GOAL 2 REDUCE UNEMPLOYMENT AND INCREASE PER CAPITA INCOME

Strategy 2.1 Pursue Existing and New Business Development

Tactic 2.1.1 Review and improve as necessary existing incentive programs

Leader: Lori Flanery **Facilitator:** Lori Flanery

Performance Measures	Fall 1997	Conduct an internal review of current statutes, regulations and administrative procedures to determine whether improvements are needed
	January 1998	Review prefiled bills which relate to existing incentive programs and evaluate for support
	Fall 1999	Draft appropriate statutory, regulatory or administrative documents to effect improvements if necessary

Report Incentive programs were reviewed, and recommendations for improvements will be submitted to the 2000 General Assembly.

Tactic 2.1.2 Increase access to industry specific worker training and skills upgrade

Leader: Tom Kelly **Facilitator:** Ken Carroll

Performance Measures	Annual	Increase in training by new, expanding, and existing industries
	Spring 1998	Favorable action by 1998 General Assembly
	Annual	Business and industry response to expanded access to training

Report The team will seek passage of the Skills Training Investment Credit and increased BSSC funding in the 1998 General Assembly. Formation of 15 training consortia of manufacturing firms primarily for skills upgrade training.

Tactic 2.1.3

Monitor state recruiting and establish a formal state marketing plan

Leader: Dan Tobergte **Facilitator:** Pamela Trautner

Performance Measures

Annual	Usage of the Target Industry Analysis in marketing/advertising efforts
Fall 1997	Plan revision based on current efforts
Annual	Implementation of new marketing strategies

Report

The statewide industrial recruitment marketing plan was updated by the Kentucky Marketing Oversight Committee. The target industry analysis is being incorporated into Kentucky's marketing efforts.

Tactic 2.1.4

Develop a fully automated state industrial site and buildings database using GIS

Leader: Susan Lambert **Facilitator:** Rene True

Performance Measures

Fall 1998	Cabinet acquires GIS hardware and software
Annual	Number of sites included in inventory
Annual	Number of times used to support recruiting or expansion

Report

Funding for a state industrial building and sites database using GIS is included in the 1998-2000 budget.

Tactic 2.1.5

Emphasize the advantages of rural Kentucky in recruiting

Leader: Darrell Gilliam **Facilitator:** Drew Dennis

Performance Measures

Annual	Volume of marketing efforts emphasizing rural Kentucky
Annual	Amount of new and expanding industry in rural areas

Report

Team suggestions have been and continue to be used in Kentucky's marketing activities.

Strategy 2.2 Promote Entrepreneurial Activities

Tactic 2.2.1 Fund and implement the Commonwealth Venture Fund

Leader: Jerry Rickett **Facilitator:** David Bratcher

Performance Measures April 1998 Favorable action by Legislature
Fall 1998 Establish fund administrative structure

Report Funding for the Kentucky Investment Fund Act will be sought in the 1998 General Assembly.

Tactic 2.2.2 Include entrepreneurial assistance in training programs for economic developers

Leader: Wayne Foster **Facilitator:** Melissa Wheeler-Scott

Performance Measures Annual Training as part of KIED
Spring 1998 Participants' evaluation of entrepreneurs and small business development training program
Spring 1998 Conduct surveys within the Economic Development Cabinet's three regions to determine feasibility of holding half-day seminars
Summer 1998 Annual one-day statewide "Entrepreneurship and Small Business Development Training Program for Economic Development Professionals"

Report A statewide seminar on entrepreneurship and related topics is planned for Summer 1998.

Tactic 2.2.3 Identify ways to assist entrepreneurs

Leader: Jane Dirr **Facilitator:** Theresa Damron

Performance Measures Annual Identify and address any gaps in assistance
Spring 1998 Completion of organization of program information
Annual Keeping information current

Report The team is focusing on getting the educational system more involved in entrepreneurial training. Recommendations are in development.

Strategy 2.3 Encourage the Establishment of Business Networks

Tactic 2.3.1 Seek funding for the Kentucky First Program

Leader: Larry Shindeldecker **Facilitator:** Jim Kurz

Performance Measures	July 1998	Obtain funding
	Annual	Number of matches made between purchasers and suppliers, and dollar amounts of matches
	Annual	Number of training events conducted, and number of attendees
	Annual	Number of purchasers and suppliers assisted, total and by categories
	Annual	Number of counseling sessions, total and by category of participants

Report Funding sources for Kentucky First have not been obtained.

Tactic 2.3.2 Identify industry sectors which are appropriate for networks and establish networks

Leader: Rodney Henson **Facilitator:** Rodney Brown

Performance Measures	Annual	Number of firms per network
	Annual	Level of activity within the networks
	Annual	Number of networks established
	Annual	Business evaluation of network effectiveness

Report 1997 projections indicate Kentucky firms have enjoyed \$100 million in additional sales and \$500,000 in cost reductions through 22 network groups assisting 174 firms.

GOAL 3 CREATE A GLOBALLY COMPETITIVE BUSINESS ENVIRONMENT

Strategy 3.1 Pursue the Infrastructure Necessary for Kentucky Communities and Businesses To Be Competitive in the World Economy

Tactic 3.1.1 Develop and maintain the electronic infrastructure necessary to implement an effective information strategy

Leader: Doug Robinson **Facilitator:** Rene True

Performance Measures June 1996 Infrastructure established

Report The infrastructure for the Kentucky Information Highway (KIH) is completed; all courthouses, school districts, colleges and universities are connected.

Tactic 3.1.2 Complete an annual priority listing of proposed transportation improvement projects

Leader: Vacant **Facilitator:** Drew Dennis

Performance Measures July 1998 Priority list completed

Report The team is considering whether a "macro" or "micro" view of transportation issues should be adopted.

Tactic 3.1.3 Create and propose a set of funding guidelines and priorities for use by state agencies in allocating resources for public utility construction important to the economic development of the Commonwealth

Leader: Vacant **Facilitator:** David Bratcher

Performance Measures July 1998 Create priority funding list
July 1998 Develop funding guidelines

Report Guidelines are being developed.

Tactic 3.1.4

Establish an effective and formal system for coordination of efforts with the state's private for profit utility providers to improve the economic development of the Commonwealth

Leader: Vacant

Facilitator: Dick Cirre

**Performance
Measures**

Annual
Spring 1998

Report success of utility network
Establish network of utility providers

Report

The team recommends combining this tactic with 2.1.3.

Strategy 3.2

Increase Kentuckians' Awareness of the Importance of the International Economy, and Provide Knowledge on How To Participate

Tactic 3.2.1

Develop, plan and offer informational opportunities to Kentuckians on issues related to the international economy

Leader: Campbell Barnum

Facilitator: Chris Davis

**Performance
Measures**

Summer 1998
Fall 1998
Fall 1998

Develop presentation on international awareness
Presentation to legislators
Presentation to state agencies

Report

The team plans to increase awareness of the international economy through schools and other presentations to all segments of Kentucky's population, especially students and legislators.

Tactic 3.2.2

Work with the Department of Education and the Council on Higher Education to make economic development lesson plans and classes a part of the state's educational curricula

Leader: Joanne Lange

Facilitator: Jim Kurz

**Performance
Measures**

July 1998
Annual

Develop curricula
Number of primary, secondary and post-secondary schools using curricula

Report

The team will seek funding for a video production to be used in the schools.

Tactic 3.2.3

Use economic development professionals to educate students, business and civic leaders and government officials on economic development and global competitiveness

Leader: Lois Adams-Rogers **Facilitator:** Jim Kurz

Performance Measures	Annual	Number of programs related to ED in the schools
	Annual	Number of ED professionals involved with schools in a substantive way
Report	Recommendations were made, but funding not yet approved.	

Strategy 3.3 Develop Legislative Initiatives and Policy Changes Reflective of a Positive Business Attitude

Tactic 3.3.1

Implement procedures and actions that result in the Cabinet for Economic Development working closely with all agencies that develop regulatory policies that effect Kentucky's globally competitive position

Leader: Valerie Hudson **Facilitator:** Joe Brown

Performance Measures	January 1998	Recommendations for coordinating regulatory policies
	Annual	Implementation of recommendations
Report	The team drafted two proposals for economic/fiscal impact analysis of proposed government regulations. Reviewing current regulations that may impact Kentucky's global competitiveness. Empower Kentucky is working on streamlining regulatory and permitting processes.	

Tactic 3.3.2

Formulate policies and practices that enhance the Commonwealth's international business potential by studying and analyzing political and economic conditions to ensure an accurate knowledge of Kentucky's global competition

Leader: Vacant **Facilitator:** Tom Bailey

Performance Measures	December 1998	Recommendations for tactics, laws, or programs to enhance global competitiveness
Report	Tactic team being established.	

Tactic 3.3.3

Develop a process to evaluate the adequacy of the state's current governmental policy to help Kentucky to be globally competitive

Leader: Vacant

Facilitator: Rene True

Report

Combined with 3.3.2

Strategy 3.4

Provide Assistance to Kentucky Companies in Assuming a Greater Role in the World Economy

Tactic 3.4.1

Implement strategies to increase the export of Kentucky products and services, and encourage and support industry based consortia for export development

Leader: Margaret Graves

Facilitator: Mary Beth Cordy

Performance Measures

Spring 1998

Develop strategies to increase exports

Annual

Number of export consortia formed

Annual

Implement strategies to increase exports

Report

The team has identified four industries with the highest potential for increasing the export of Kentucky products and services. Strategies to provide assistance to the four industries are in development.

Tactic 3.4.2

Develop strategies to transfer technology to Kentucky businesses

Leader: Ray Zavada

Facilitator: Bill Morris

Performance Measures

Annual

Number of companies involved in program

Fall 1998

Strategies developed

Report

The team hopes to make recommendations in 1998.

GOAL 4 MANAGE RESOURCES TO MAXIMIZE RETURN ON INVESTMENT

Strategy 4.1 Create an Effective Statewide Economic Development Organization Structure

Tactic 4.1.1 Prepare a detailed analysis of the existing economic development organizational structure and service delivery system

Leader: Darrell Gilliam **Facilitator:** Terri Wellman

Performance Measures January 1999 Complete inventory and profile

Report The Kentucky Chamber of Commerce, through its Community and Economic Development Committee, is looking at a review of economic development programs. The Cabinet is represented on the committee.

Tactic 4.1.2 Create a model of Kentucky's "ideal" economic development service delivery system

Leader: Darrell Gilliam **Facilitator:** Terri Wellman

Performance Measures July 1999 Evaluation of the model by significant stakeholders
Fall 1999 Create model

Report See report for 4.1.1.

Tactic 4.1.3 Compare the current structure with the "ideal" model and its criteria and standards. Based on this comparison, develop and implement a more efficient and effective organizational structure

Leader: Darrell Gilliam **Facilitator:** Terri Wellman

Performance Measures July 1999 Support for new organizational structure
Fall 1999 Extent to which new structure parallels model

Report See report for 4.1.1.

Tactic 4.1.4

Establish programs which encourage and reward regional cooperation in economic development

Leader: Sim Davenport **Facilitator:** Kim Logsdon

Performance Measures

Annual	Extent to which economic development programs encourage and reward regional cooperation
Annual	Movement within economic development community toward regional organizations and cooperation
July 1998	Evaluation by economic development community and business of effectiveness of regional programs

Report

The Office of Coal County Development was established to administer the Regional Industrial Park program. One regional park was approved in 1997, with three more close to approval. The team is reviewing successful regional economic development programs in other states, and should develop a program in 1998.

Strategy 4.2**Develop Leadership and Leadership Vision, Capacity and Tools, Particularly at the Community Level****Tactic 4.2.1**

Establish and implement an effective economic development leadership development program which improves the quality of the leadership base at the local and regional levels, and which focuses community preparedness efforts on the development of local leadership

Leader: Darrell Gilliam **Facilitator:** Terri Wellman

Performance Measures

Annual	Evaluation of program effectiveness by community and business leaders
Fall 1998	Publication of Economic Development leaders' handbook
Annual	Number of training programs offered
Fall 1998	Creation of leadership development programs and materials
Annual	Continue an annual Governor's Economic Development Leadership Summit
Annual	Participation in training programs

Report

The Governor's Economic Development Leadership Conference is now an annual event at which awards are presented to outstanding economic development leaders.

Tactic 4.2.2

Assist and encourage all communities to prepare a comprehensive development plan and related economic development strategy

Leader: Darrell Gilliam **Facilitator:** Tim Back

Performance Measures

Annual	Number of comprehensive community plans which fit with regional and state plans
Annual	Feedback from communities on effectiveness of comprehensive development plan assistance

Report

The Community Planning and Development Handbook is being updated. The revised version should be completed in Spring 1998.

Tactic 4.2.3

KEEP - sponsor training seminars in existing business support for economic developers and local leaders

Leader: Joe Mefford **Facilitator:** Patti Kirk

Performance Measures

Annual	Business evaluation of ED support for existing businesses
Annual	Number of seminars
Annual	Number of attendees

Report

The KEEP program provided assistance in supporting and retaining existing business for 806 businesses in 27 counties. Feedback has been positive. The program has been examined for possible improvements.

Strategy 4.3**Make the Economic Development Cabinet's Programs and Activities Effective and Accessible****Tactic 4.3.1**

Develop an evaluation process for current economic development programs, and tactic teams using Cabinet staff

Leader: Ernest Yanarella **Facilitator:** Rene True

Performance Measures

Annual	Number of programs evaluated
Annual	Changes which result from evaluation

Report

The Division of Research started the first program evaluation, examining the Bluegrass State Skills Corporation, scheduled for completion July 1998.

Tactic 4.3.2

Assure that available information on each community is up-to-date and reliable, resulting in a strengthening of the relationship between the Cabinet and communities

Leader: Lisa Mills/Jim Holton **Facilitator:** Becke McGaughey

Performance Measures

Fall 1997	Survey customers of community brochure
Fall 1997	Recommendations for improvements to community brochures
February 1998	Implement changes to community brochures

Report

A new labor market area definition was incorporated into the brochures and other reports. Efforts are underway to make the community brochures an annual publication rather than biennial. New information based on survey responses will be included in future brochures.

Tactic 4.3.3

Identify, or create, and make available on-line appropriate economic development related databases of direct and immediate value to economic development professionals, community leaders and businesses

Leader: Joe Mefford **Facilitator:** Joe Lilly

Performance Measures

Annual	Evaluation of current web site
Annual	Number of hits to web site
Annual	Evaluation of web site's effectiveness

Report

A committee is working with an advertising firm to update the Cabinet's web site and to maximize its use as a marketing tool.

Strategy 4.4 Develop a Coherent and Integrated Workforce Training Delivery System

Tactic 4.4.1

Evaluate training activities funded by or designed to serve economic development by creating a working level task force with broad authority

Leader: Rodney "Biz" Cain **Facilitator:** Ken Carroll

Performance Measures

Spring 1998	Complete inventory of all existing systems
Annual	Perceived value of screening and testing by business clients
Fall 1998	Create a model system
Annual	Extent of change in existing system towards model standards
Annual	Business response to new training organization
Annual	Number of requests for employee screening and testing

Report

A task force of industry representatives was assembled to deal with manufacturing skills standards. A draft set of skills standards was developed.

Tactic 4.4.2

Create a state-level training information and services clearinghouse

Leader: Bob Green **Facilitator:** Glenna Glass

Performance Measures	July 1998	Clearinghouse established
	Annual	Number of responses by clearinghouse
	Annual	Customer evaluation of clearinghouse

Report The clearinghouse will be a component of the One-Stop program, an initiative driven by the Workforce Development Cabinet.

Strategy 4.5 Revise and Improve the Regulatory Processes

Tactic 4.5.1

Maintain a Regulatory Expediting Center within the Economic Development Cabinet that includes coordination of a Single Point of Contact Program

Leader: Valerie Hudson **Facilitator:** Joe Brown

Performance Measures	Annual	Cooperativeness of contact point from perspective of Economic Development Cabinet business services center
	Annual	Number of agencies which establish single point of contact
	Annual	Evaluate the effectiveness and quality of the Regulatory Expediting Center

Report The Regulatory Expediting Center handled 427 referrals in FY 1997.

Tactic 4.5.2

Have the Economic Development Cabinet work closely with the Natural Resources Cabinet in the development of environmental regulations which affect business

Leader: Vacant **Facilitator:** Joe Brown

Performance Measures	Annual	Number of regulations developed cooperatively
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Report Team recommends merger with tactic 3.3.1.

GOAL 5 MANAGE KENTUCKY'S NATURAL RESOURCES AND CULTURAL ASSETS TO ENSURE LONG-TERM PRODUCTIVITY AND QUALITY OF LIFE

Strategy 5.1 Promote Sustainable Management of Kentucky's Environmental Assets

Tactic 5.1.1 Provide environmental asset and secondary wood industry training to economic development professionals

Leader: Steve Kull **Facilitator:** Bill Morris

Performance Measures February 1998 Develop curricula
Fall 1998 Evaluate training
Fall 1998 Hold training sessions

Report Proposal for funding the training program was developed.

Tactic 5.1.2 Support the efforts of the Kentucky Forest Stewardship Act

Leader: Steve Kull **Facilitator:** Bill Morris

Performance Measures Spring 1998 Favorable action by legislation

Report Passage of the Kentucky Forest Conservation Act will be sought in the 1998 General Assembly.

Tactic 5.1.3 Promote the use of existing incentives for development of the secondary wood industry

Leader: Mark Kaser **Facilitator:** Bill Morris

Performance Measures Summer 1998 Develop strategies for promoting incentive programs
Annual Number of secondary wood industry facilities expanding or locating in Kentucky

Report The team will develop recommendations in 1998.

Tactic 5.1.4

Support the efforts of the Department for Surface Mining Reclamation and Enforcement to promote development of post-mine land uses for long-term economic growth

Leader: Paul Hall **Facilitator:** Bob Fouts

Performance Measures

Annual Amount of federal money obtained

Report

The team will pursue more funds for Kentucky from the federal Abandoned Mined Land program.

Tactic 5.1.5

Promote development of business recruitment and tourism with a focus on minimizing harmful waste management practices

Leader: Linda Stacy **Facilitator:** Dick Cirre

Performance Measures

Summer 1998 Develop strategies to minimize harmful waste management practices
 Winter 1998 Implement strategies to minimize harmful waste management practices
 Annual Determine number of industry and tourism projects that minimize harmful waste management practices

Report

The team will develop recommendations in 1998.

Strategy 5.2

Promote Expanded Opportunities for Value-Added Agribusiness, Enhanced Marketing Efforts and State Financing Programs

Tactic 5.2.1

Monitor and support the efforts of the Ag Marketing Advisory Board and Ag 2000

Leader: Alan Taylor **Facilitator:** Smith Mitchell

Performance Measures

Annual Progress of the Ag Marketing Advisory Board and Ag 2000

Report

The Cabinet is represented on the Ag Marketing Advisory Board, and the Secretary is briefed on the activities of the Board and Ag 2000.

Tactic 5.2.2

Implement commodity marketing projects

Leader: Jim Mansfield **Facilitator:** Don Goodin/David Bratcher

Performance Measures

Annual Number of commodity marketing projects implemented

Report

Tactic teams, 5.2.2, 5.2.3 and 5.2.4 are working together. Changes to the linked deposit program will be pursued in the 1998 General Assembly.

Tactic 5.2.3

Promote the use of existing incentive programs for value-added agri-business

Leader: Todd Barlow **Facilitator:** Don Goodin/David Bratcher

Performance Measures

Summer 1998

Develop strategies for promoting incentive programs

Annual

Number of value-added agri-businesses expanding or locating in Kentucky

Report

See report for 5.2.2.

Tactic 5.2.4

Evaluate and recommend financial assistance programs for agricultural producers

Leader: Vertress Warner **Facilitator:** Don Goodin/David Bratcher

Performance Measures

Summer 1998

Develop recommendations for financial assistance

Winter 1998

Implement financial assistance recommendations

Annual

Number of agricultural producers receiving financial assistance

Report

See report for 5.2.2.

Strategy 5.3

Promote and Develop Kentucky's Cultural and Historical Assets as Tools for Economic and Tourism Development

Tactic 5.3.1

Develop and implement a plan to maximize the use of state, federal and private funds for programs to increase the economic and tourism development impact of local and regional, cultural, historical and natural assets

Leader: Roy Peterson **Facilitator:** Brenda Rice

Performance Measures

Fall 1997

Establishment of the Cultural and Heritage Tourism Committee

July 1998

Acceptance of the plan by Tourism Development, Economic Development and Education Arts & Humanities personnel

Report

The Cultural and Heritage Tourism Committee will address the issues concerning this tactic.

Tactic 5.3.2

Emphasize cultural, historical and natural assets and quality of life in economic and tourism development marketing and publications

Leader: Alan Fowler **Facilitator:** Pamela Trautner

Performance Measures

Annual

Level of increase in cultural and historical attractions attributable to marketing

Annual

Amount of time and space devoted to cultural and natural assets in Economic Development marketing

Report

The marketing plan was revised to reflect cultural and historical assets. Local economic developers are encouraged to identify natural and cultural assets for inclusion in community marketing efforts. A "Quality of Life" brochure for marketing should be finished in 1998.

Tactic 5.3.3

Include cultural, heritage, and tourism leaders in economic development planning and leadership training, and provide incentives and technical assistance to communities for the inclusion of cultural/heritage/tourism planning in community development plans

Leader: David Morgan/Gerri Combs **Facilitator:** Jason Snyder

Performance Measures

Annual

Number of community comprehensive development plans inclusive of cultural, heritage and tourism issues

Annual

Number of training sessions established

Annual

Number of communities involved in Renaissance Kentucky

Report

The team is working to establish cultural, heritage, and tourism training for economic developers and local leaders. The team is also working to establish a group to offer expertise in those areas to communities engaging in planning efforts.

Tactic 5.3.4

Expand local, regional, national and international markets for Kentucky crafts, cultural, historical and agricultural products, including a strong emphasis on these products in state facilities

Leader: Fran Redmon **Facilitator:** Sara Bell

Performance Measures

Annual

Number of outlets selling Kentucky crafts

Annual

Total sales of Kentucky crafts

Annual

Export of Kentucky crafts

Annual

Craft producer evaluation of marketing efforts

Fall 1998

Develop catalog of Kentucky produced crafts and products

Report Kentucky craft marketing received national exposure on the QVC network in 1997. An artisans' center is being considered in Berea. The KEDFA board made changes intended to strengthen the Craft Loan Program.

Strategy 5.4 Promote and Develop the Tourism Industry

Tactic 5.4.1 Implement the master plan for tourism development, which ties it to the overall economic development strategy

Leader: Ann R. Latta **Facilitator:** Jane Sullivan

Performance Measures Annual Evaluation of plan by tourism and related industries

Report The tourism development master plan is being implemented. Development plan drafts for the state's nine regions are being finalized by the Tourism Development Cabinet.

Tactic 5.4.2 Actively seek tourism projects with significant economic impact

Leader: David Lovelace **Facilitator:** Jason Snyder

Performance Measures Annual Changes in Economic Development program to support tourism
Annual Number of tourism projects applying for and receiving sales tax credit under Kentucky Tourism Development Act

Report One project has been assisted through the Kentucky Tourism Development Act, and another has applied. Tourism developers nationwide are being contacted and informed of Kentucky's advantages.

Tactic 5.4.3 Develop and implement regional tourism development plans

Leader: Debbie Giannini **Facilitator:** Melissa Wheeler-Scott

Performance Measures Fall 1997 Develop regional plans
Annual Involvement of local economic development professionals

Report Tourism development plans for Kentucky's nine regions are being finalized by the Tourism Development Cabinet.

We're working together to create more and higher quality opportunities for Kentuckians. Work on the Kentucky Strategic Plan for Economic Development is ongoing. Our accomplishments have been made possible by the involvement of public and private sector interests and individuals from across the Commonwealth, just as our future progress will be.

We welcome your interest and involvement.

If you would like further information on the Kentucky Strategic Plan for Economic Development, including the Benchmarks to Measure Progress, or are interested in participating on one of the tactic teams, contact the Division of Research, Cabinet for Economic Development, 2300 Capital Plaza Tower, Frankfort, KY 40601; (502) 564-4886; HYPERLINK mail to: rtrue@mail.state.ky.us.

If you would like to receive the Cabinet's quarterly newsletter, contact the Communications Director, Cabinet for Economic Development, 2400 Capital Plaza Tower, Frankfort, KY 40601; (502) 564-7670; HYPERLINK mail to: jlilly@mail.state.ky.us.

The Cabinet's web site includes information on the Strategic Plan and Cabinet news and activities, in addition to economic development related links. The site can be accessed at HYPERLINK <http://www.state.ky.us/edc/cabmain.html>.

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